
By: ~~Delegates Harrison and Rawlings~~ **Harrison, Rawlings, Burns, Conroy,
Feldman, Fulton, Glassman, Kirk, Krebs, McHale, Minnick, Moe,
Parrott, Taylor, and Vaughn**

Introduced and read first time: January 23, 2003
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: February 19, 2003

CHAPTER _____

1 AN ACT concerning

2 **Business and Economic Development - Maryland Small Business**
3 **Development Financing Authority - Guaranty Fund**

4 FOR the purpose of authorizing the Maryland Small Business Development
5 Financing Authority to utilize the Guaranty Fund to guarantee certain loans
6 used for refinancing existing debt; and generally relating to financial assistance
7 from the Maryland Small Business Development Financing Authority.

8 BY repealing and reenacting, with amendments,
9 Article 83A - Department of Business and Economic Development
10 Section 5-1029(a)
11 Annotated Code of Maryland
12 (1998 Replacement Volume and 2002 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article 83A - Department of Business and Economic Development**

16 5-1029.

17 (a) The Authority may utilize the Guaranty Fund to guarantee up to 80
18 percent of the principal of and interest on a long-term loan made by a financial
19 institution to an applicant only if:

1 (1) The applicant meets the requirements of § 5-1025 and has not
2 violated any provisions of § 5-1031 of this subtitle;

3 (2) The loan amount is not less than \$5,000 and the maximum amount
4 payable by the Authority under its guarantee does not exceed \$1,000,000;

5 (3) The purposes for which the loan is to be used include:

6 (i) Working capital;

7 (ii) REFINANCING EXISTING DEBT OF THE APPLICANT;

8 (iii) The acquisition and related installation of machinery or
9 equipment;

10 [(iii)] (iv) Necessary improvements to real property leased or
11 owned in fee simple by the applicant; or

12 [(iv)] (v) The acquisition of real property to be owned in fee
13 simple by the applicant if:

14 1. The real property is to be used in the operation of the
15 applicant's trade or business for which the loan and guarantee are sought; and

16 2. A lien is placed on the real property by the financial
17 institution or the Authority;

18 (4) The loan shall mature in not more than 10 years from the date of
19 closing of the loan; and

20 (5) The rate of interest on the loan is no greater than the rate of interest
21 determined by the Authority to be the monthly weighted average of the prime lending
22 rate, plus 2 percent, prevailing from time to time in the City of Baltimore on
23 unsecured commercial loans.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 2003.